

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**

**QUEEN'S PRINTER REVOLVING FUND**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2008**



**Provincial Auditor Saskatchewan**

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SASKATCHEWAN

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**AUDITOR'S REPORT**

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Queen's Printer Revolving Fund as at March 31, 2008, and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
June 19, 2008

Fred Wendel, CMA, CA  
Provincial Auditor

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**  
**QUEEN'S PRINTER REVOLVING FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31**

**Statement 1**

	2008	2007
<b>ASSETS</b>		
Current assets		
Cash	\$ 2,599	\$ 17,971
Accounts receivable (net)	90,211	77,807
Inventories	14,455	-
Total current assets	<u>107,265</u>	<u>95,778</u>
Accumulated net recovery (Statement 3)	<u>97,280</u>	<u>89,896</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 204,545</u></u>	<u><u>\$ 185,674</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Current liabilities		
Accounts payable and accrued charges	\$ 88,425	\$ 63,753
Unearned revenue (Note 5)	<u>19,400</u>	<u>19,052</u>
Total current liabilities	<u>107,825</u>	<u>82,805</u>
Fund Equity		
Accumulated operating surplus (Statement 2)	<u>96,720</u>	<u>102,869</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 204,545</u></u>	<u><u>\$ 185,674</u></u>

(see accompanying notes to financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**  
**QUEEN'S PRINTER REVOLVING FUND**  
**STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS**  
**FOR THE YEAR ENDED MARCH 31**

**Statement 2**

REVENUE	Budget 2008 (Note 8)	2008	2007
Sales	\$ 608,000	\$ 717,771	\$ 722,751
Cost of Goods Sold	(239,500)	(241,273)	(245,819)
Gross Profit	368,500	476,498	476,932
EXPENSES			
Salaries	470,000	493,110	492,001
Information Technology	27,000	96,451	27,971
Telephone	9,000	11,264	10,233
Office Supplies	13,000	11,615	22,951
Other	27,500	18,207	27,353
Total expenses	546,500	630,647	580,509
Loss from operations	(178,000)	(154,149)	(103,577)
Subsidy from General Revenue Fund	159,000	148,000	159,000
Net (loss) income after subsidy (Statement 3)	<u>\$ (19,000)</u>	(6,149)	55,423
Accumulated operating surplus - beginning of year		102,869	47,446
Accumulated operating surplus - end of year		<u>\$ 96,720</u>	<u>\$ 102,869</u>

(see accompanying notes to financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL**  
**QUEEN'S PRINTER REVOLVING FUND**  
**STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY**  
**FOR THE YEAR ENDED MARCH 31**

**Statement 3**

	2008	2007
Financing provided by (applied to) operating activities:		
Net (loss) income (Statement 2)	\$ (6,149)	\$ 55,423
Net increase (decrease) in working capital related to operations (Note 6)	13,533	(37,442)
Net decrease in financing requirements	7,384	17,981
Accumulated net recovery - beginning of year	89,896	71,915
Accumulated net recovery - end of year	\$ 97,280	\$ 89,896

(see accompanying notes to financial statements)

**MINISTRY OF JUSTICE AND ATTORNEY GENERAL  
QUEEN'S PRINTER REVOLVING FUND  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2008**

**1. Authority and Definition of Reporting Entity**

The Queen's Printer Revolving Fund (Revolving Fund) operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the Revolving Fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

**2. Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting policies are considered significant:

a) Net financing requirements

The net financing requirement is the cash flow to or from the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes and net cash flows from operations.

b) Accumulated net recovery

The accumulated net recovery of the fund includes the net increase (decrease) in financing requirements for each fiscal year.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value.

d) Cash

Cash represents amounts collected but not yet transferred to the General Revenue Fund.

e) Revenue Recognition

Sales are recognized when documents/publications are delivered to customers. Subscriptions to the Saskatchewan Gazette are earned on a monthly basis.

f) Use of Estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates

and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

g) **Financial Instruments**

Effective April 1, 2007, the Revolving Fund adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 – Financial Instruments – Recognition and Measurement. Under these new standards, all financial assets and financial liabilities must be identified and classified. This classification determines how each financial instrument is measured.

The Revolving Fund's financial instruments and their classification are as follows:

Financial Instrument	Classification
Cash	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued charges	Other financial liabilities

Cash is measured at fair value. Loans and receivables and other financial liabilities are measured at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximates their fair value. Changes in fair value are recognized in the Statement of Operations and Accumulated Operating Surplus.

h) **Recent Accounting Pronouncements**

Effective April 1, 2008, the Revolving Fund will be required to adopt the CICA Handbook sections 3862 – Financial Instruments – Disclosures, and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Revolving Fund is exposed, and how the risks are managed by the Revolving Fund. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Revolving Fund does not expect the adoption of these new standards to have a material impact on its financial statements.

3. **Authorized Financing**

Subsection 9.1(10) of *The Queen's Printer's Act* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. A maximum amount of \$150,000 was established by Order in Council 667/89.

**4. Accumulated Operating Surplus/Deficit**

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus (deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus (deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Revolving Fund is \$100,000.

**5. Unearned Revenue**

Unearned Revenue for the subscriptions to the Saskatchewan Gazette represents those months that extend beyond the fiscal year.

**6. Net Changes in Working Capital Related to Operations**

	2008	2007
(Increase) in accounts receivable	\$ (12,404)	\$ (3,481)
(Increase) in inventories	(14,455)	-
Decrease (increase) in cash	15,372	(13,513)
Increase (decrease) in accounts payable and accrued charges	24,672	(14,503)
Increase (decrease) in unearned revenue	348	(5,945)
Net increase (decrease) in working capital related to operations	<u>\$ 13,533</u>	<u>\$ (37,442)</u>

**7. Related Party Transactions**

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, ministries, agencies, boards and commissions related to the Revolving Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to the public.

These transactions and amounts outstanding at year-end are as follows:

	2008	2007
Sales	\$ 249,154	\$ 288,035
Accounts receivable (net)	48,936	59,806

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions and amounts outstanding at year-end are as follows:



	<u>2008</u>	<u>2007</u>
Expenses	\$ 181,517	\$ 138,952
Accounts payable and accrued charges	4,517	6,865

In addition, the Revolving Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in these financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

#### **8. Budget**

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

#### **9. Financial Instruments**

##### **a) Significant terms and conditions**

There are no significant terms and conditions related to financial instruments recorded as accounts receivable, and accounts payable and accrued charges that affect the amount, timing, and certainty of future cash flows.

##### **b) Credit risk**

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, the majority of the Revolving Fund's receivables are from government agencies. Therefore, the credit risk is minimal.

#### **10. Amount Reported in the Public Accounts**

The net recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	<u>2008</u>	<u>2007</u>
Net (loss) income from operations	\$ (6,149)	\$ 55,423
(Increase) in inventory	(14,455)	-
Timing differences in recording transactions	36,644	(446)
Net recovery reported in Public Accounts	<u>\$ 16,040</u>	<u>\$ 54,977</u>



